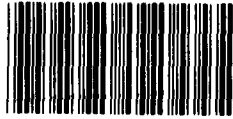


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United States General Accounting Office
Washington, DC 20548



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Logistics and
Communications
Division

DECEMBER 5, 1980

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The Honorable Patricia Schroeder
Chairwoman, Subcommittee on Civil Service
Committee on Post Office and Civil Service
House of Representatives

RELEASED

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Dear Madam Chairwoman:

Subject: [Delays in Providing Office Space For
the Merit Systems Protection Board and
the Federal Labor Relations Authority]
(LCD-81-14)

On June 13, 1980, you asked us to examine the reasons why, after nearly 2 years, the General Services Administration has not provided suitable office space for the Merit Systems Protection Board and the Federal Labor Relations Authority. At the time of your request, the headquarters offices of the Board and the Authority were housed in temporary space, although both agencies had been created in August 1978 and had begun operating in January 1979. You also expressed concern over the apparent lack of space planning for new Federal agencies in general.

The reasons for delays in providing permanent space for the Board and the Authority are discussed in enclosure I. More than 2 years after the agencies were created, the headquarters offices of both the Board and the Authority are still housed in temporary space which the agencies believe does not meet their needs and has hindered their operations. Current efforts by General Services can result in the Board occupying permanent headquarters space by the summer of 1981. General Services is not certain when permanent headquarters space will be provided for the Authority. With the exception of 4 locations, permanent space has been provided for the Board's 22 and the Authority's 13 field offices.

Insufficient Government owned or privately owned lease space is the underlying reason for delays in providing permanent headquarters space for the Board and the Authority. Additional reasons are discussed in detail in the enclosure.



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On September 15, 1980, we briefed the Subcommittee on the Board's and the Authority's space needs and status of General Services' efforts to meet them. It was agreed that, on the basis of our preliminary work, we would provide you with a report describing the Board's and the Authority's current space problems and the reasons for the delays in providing permanent space. We also agreed to make a separate review of General Services space planning for new agencies and to prepare a report on our findings together with any recommendations. That review will examine in greater detail the types of space problems and reasons for delays cited in this report.

This report is based on work done at the National Capital Region of General Services and the headquarters offices of the Board and the Authority. We discussed with agency officials the efforts made to obtain permanent space and reviewed related correspondence, internal memorandums, and other agency documents. Since we limited our work to the Washington, D.C., area, the report primarily addresses the problems the Board and the Authority have experienced in obtaining headquarters rather than field office space. However, the report includes a brief description of the status of the agencies' field offices on the basis of discussions with headquarters officials.

As the Subcommittee requested, we did not submit this report to General Services, the Board, or the Authority for written comment. However, we did discuss matters with officials of the three agencies. As arranged with your office, we are sending copies of this report to the three agencies. Copies will be made available upon request to other interested parties.

Sincerely yours,


R. W. Gutmann
Director

Enclosure

REASONS FOR DELAYS IN PROVIDING OFFICE SPACE FOR
THE MERIT SYSTEMS PROTECTION BOARD AND THE
FEDERAL LABOR RELATIONS AUTHORITY

President Carter's Reorganization Plan No. 2, which was approved on August 11, 1978, divided the Civil Service Commission into the Merit Systems Protection Board and the Office of Personnel Management and, simultaneously, created the Federal Labor Relations Authority. The Civil Service Reform Act, which became law on January 11, 1979, augmented and codified the functions and responsibilities of the Board, the Authority, and the Office of Personnel Management.

A major purpose of the act and the reorganization plan was to separate conflicting rulemaking and adjudicative functions performed by the Civil Service Commission. The Office of Personnel Management became responsible for rules and regulations governing personnel administration, and the Board assumed the responsibility for fair and impartial adjudication of employee appeals. The Authority was created to improve labor-management relations and resolve labor-management disputes in the Federal Government. It assumed the functions of the former Federal Labor Relations Council and absorbed related duties from the Department of Labor. 1/

STATUS OF SPACE PROBLEMS

In July 1978, or about 1 month before Reorganization Plan No. 2 was approved, the Civil Service Commission informed General Services that the Board and the Authority would need space for their headquarters offices. In October 1978, Civil Service provided General Services with formal requests for headquarters space totaling about 50,000 square feet for the Board and 47,000 square feet for the Authority. Because the Civil Service Reform Act expanded agency responsibilities, the Board's current requirement is 56,000 square feet, and the Authority's requirement is 52,500 square feet.

1/The Board and the Authority are independent, bipartisan, quasi-judicial agencies. Also, because both agencies investigate, as well as adjudicate personnel matters, both include a semiautonomous office of counsel. At the Board, investigations are made by the Office of the Special Counsel; at the Authority, they are made by the Office of the General Counsel.

Merit Systems Protection
Board headquarters

When the Board commenced operating on January 3, 1979, it received approximately 30,000 square feet of space occupied by the former Civil Service Commission in the Matomic building, a leased facility located at 1717 H Street, NW., Washington, D.C. Today, the Board occupies about 45,000 square feet in this building. However, the building lacks adequate library space and hearing and conference rooms and has deficiencies in heating and other support systems. In total, the Board's headquarters space is about 11,000 square feet below the 56,000 square feet which General Services acknowledges as the agency's current requirement. Components of several other agencies, including the Office of Personnel Management, also occupy the Matomic building.

On August 26, 1980, the House Committee on Public Works and Transportation approved a General Services prospectus that calls for leasing 56,000 square feet of new space for Board headquarters at an annual cost of about \$1.1 million. In conjunction with this prospectus, General Services solicited and is evaluating lease offers from potential lessors. Its latest estimate for Board occupancy of permanent headquarters space is June 1, 1981.

Federal Labor Relations
Authority headquarters

The headquarters offices of the Authority occupy about 29,000 square feet and are dispersed among four buildings in the District of Columbia, including the Office of Personnel Management building, 1900 E Street, NW.; the Department of Labor building, 200 Constitution Avenue, NW.; the Vanguard building, 1111 20th Street, NW.; and the Riddel building, 1730 K Street, NW. The Authority has occupied three of these buildings on a temporary basis since early 1979; the fourth has been occupied since the fall of 1979.

Consolidation of the Authority's headquarters offices into a single building would require nearly 53,000 square feet of space. General Services wants to provide consolidated space, but its current plans are not certain. In September 1980, General Services submitted to the Congress a prospectus which calls for leasing 52,500 square feet of new space for the Authority's headquarters. As of November 14, the prospectus was pending congressional approval, and General Services had not decided what action it will take if the prospectus is not approved.

Field offices

The Board and its Office of the Special Counsel occupy or plan to occupy 22 field offices in 12 cities. The Authority occupies or plans to occupy field offices in 13 cities. 1/

The Authority appears to have experienced more severe problems than the Board in obtaining permanent field office space. The Authority is still housed in temporary space in three locations--San Francisco, New York City, and Dallas. In San Francisco, the Authority has accepted permanent space that it expects to occupy in February 1981. The Authority's request had been outstanding for more than a year. In New York City, the Authority accepted permanent space, but occupancy is jeopardized by litigation between General Services and the building lessor. Pending resolution of this litigation, the Authority has asked General Services to consider alternative locations. In Dallas, the Authority accepted permanent space more than a year ago, but General Services is using this space to house temporarily an agency whose permanent offices were damaged by fire. General Services is still negotiating repair work for the damaged offices, and it does not know when the Authority's space will be available for permanent occupancy.

In addition, the Authority encountered substantial problems with permanent field office space in Los Angeles. For example, needed alterations have been delayed since April 1980 by continuing negotiations between General Services and the building lessor.

The Board's problems in obtaining field office space primarily concerned its Office of the Special Counsel. Currently, the Special Counsel either occupies or has accepted permanent space in all but one of its field locations--New York City. After the Board declined space as unsuitable, it placed the plan for the New York office in abeyance due to a cut in the Special Counsel's 1980 budget request.

1/The Board and/or Special Counsel's field offices include Atlanta, Boston, Chicago, Dallas, Denver, Los Angeles, New York, Philadelphia, San Francisco, St. Louis, Seattle, and Washington, D.C. The Authority's field offices include Atlanta, Boston, Chicago, Cleveland, Dallas, Denver, Honolulu, Kansas City, Los Angeles, New York City, Philadelphia, San Francisco, and Washington, D.C.

Effects of delays on agency operations

The Board and the Authority are not able to quantify the effects of delays in providing permanent space on their productivity, but both believe that their operations have been materially hindered. According to agency officials, specific adverse effects have included:

- Staffmembers spending considerable time commuting among dispersed office locations.
- Reluctance to fill certain vacant personnel slots because of a lack of space for desks.
- Delays in purchasing and setting up new equipment and research and reference material.
- Morale problems resulting from physical separation of supervisors and subordinates and from poorly maintained facilities.
- Lack of secure and suitable facilities for conducting confidential investigations and legal research.
- Disruptions caused by the need to use temporary hearing rooms to conduct agency proceedings.
- High-level officials diverting their time to resolve space problems.

The Board and the Authority also believe that their sharing of space with the Office of Personnel Management or the Department of Labor presents an apparent conflict of interest since these agencies (1) are likely participants in Board or Authority proceedings and (2) are colocated with the Board or the Authority which is inconsistent with a basic tenet of civil service reform--the separation of personnel rulemaking and adjudicative functions.

Apart from their direct effects on agency operations, the delays have created ill will between General Services and its customers. The Board and the Authority are frustrated by what they perceive as General Services' failure to fulfill commitments and provide permanent space in a timely manner. As a result, the Board and the Authority have complained to the Congress, have identified alternative space on their own, and have requested authority to conduct their own lease negotiations. General Services recognizes that the Board and the Authority have substantial space problems, but it faces a

backlog of agency requests for space in the National Capital Region totaling about 3 million square feet.

REASONS FOR DELAYS IN
PROVIDING PERMANENT SPACE

Insufficient Government owned or privately owned lease space is the underlying reason for the delays in providing permanent headquarters space for the Board and the Authority. According to officials of the Board, the Authority, or General Services, delays have been caused by:

- Lessor reluctance to accept a Government lease.
- Congressional moratoriums on approval of prospectuses for lease space.
- Lack of responsiveness by General Services in leasing new space.
- Higher space priorities of other Federal agencies.
- High turnover and inexperience of General Services staff.
- Agency unfamiliarity with General Services regulations and procedures.

Insufficient Government owned
or lease space

In August 1978, shortly after General Services was first informed of the need to provide headquarters space for the Board and the Authority, it reported to Civil Service that no sizable blocks of consolidated space were available in the National Capital Region and that it was already faced with a backlog of agency requests totaling about 2 million square feet. Moreover, the vacancy rate in the lease market was extremely low and, although private projects were underway, they were substantially leased before ground was broken to ensure that the builders obtained construction financing.

For these reasons, General Services concluded that the only way to meet the Board's and the Authority's consolidated space requirements was to construct a new facility. This alternative, however, normally requires up to a year for prospectus approval and funding by the Congress, another year for building design, and an additional 2 years for building construction. Thus, it was unlikely that General Services

could provide permanent space in a newly constructed Federal building until at least 4 years after the Board and the Authority began operations.

Because of these conditions, in December 1978 Civil Service officials reluctantly agreed to house the Board's headquarters in space assigned to the Commission in the Matomic building. General Services agreed to seek leased space to house the Authority, but it cautioned that the high demand for space made occupancy unlikely before the fall of 1979. Until the spring of 1980, General Services maintained that sufficient Government owned or lease space was not available for either the Authority's or the Board's needs.

The lack of sufficient Government-owned space, particularly in the National Capital Region, has been a fundamental and persistent problem for General Services. As we stated in our October 17, 1979, report (LCD-80-7), the funds available for Federal construction, either from direct appropriations or from the Federal Buildings' Fund, have been limited. The large initial outlays for Federal construction affect the national budget in the year that appropriations are approved. When the demands on the budget are large, construction projects are the first items to be eliminated. Due to budgetary constraints, the executive branch has not sought the additional resources required to fully support a public buildings program. While the Congress has occasionally appropriated construction funds in addition to those requested in the President's budget, these funds have not been sufficient to meet increased Federal space needs.

Because of the constraints on Federal construction, leasing has been the only practicable alternative available to General Services in recent years for meeting agency space requirements and, as a consequence, Federal rental costs have increased rapidly. Moreover, the vacancy rate in Washington-area lease facilities has been extraordinarily low, averaging only 1.5 percent in 1979 and reportedly falling as low as 0.5 percent during 1980. General Services expects the rate to remain below 2 percent through 1982.

Lesser reluctance to
accept a Government lease

Insufficient Government-owned space is especially critical when vacancy rates for privately owned buildings are low. In this circumstance, according to General Services, some building owners prefer to rent to private parties and decline to accept the terms and conditions of a standard Government

lease. For example, the Board asked General Services to lease headquarters space at 1225 19th Street, NW. General Services replied that neither the Board nor any other Federal agency was likely to receive space at this location because the building owners would not accept the most basic terms and conditions of a Government lease.

When vacancy rates are low, it is critical to act quickly to commit for leased space. In this regard, the Board and the Authority believe that General Services acts too slowly on leasing opportunities and simply misses the market. For this reason, both agencies requested the Administrator of General Services to grant them leasing authority. The Administrator declined both requests on the grounds that the agencies would simply encounter the same conditions that General Services already faced and thus could not resolve their space problems any sooner. Board and Authority officials maintain, however, that their own leasing authority would have permitted them to obtain permanent space in a timelier manner.

Congressional moratoriums on lease prospectuses

According to General Services officials, a Senate moratorium on approval of lease prospectuses has contributed to the delay in providing permanent space for the Board. They also stated that previous congressional moratoriums on leasing, lasting from 3 to 18 months, had delayed their efforts to meet the space needs of other Federal agencies.

Under section 7 of the Public Buildings Act of 1959, as amended (40 U.S.C. 606), the Administrator of General Services is required to submit to the Congress a prospectus for each lease or lease renewal with annual rental costs exceeding \$500,000. Until a prospectus is approved by the House and Senate Committees on Public Works, no funds may be appropriated for the lease or lease renewal.

On June 20, 1980, the Senate passed a bill (S. 2080) which would eliminate the current method of approving individual leases by a prospectus. During deliberations on the bill, the Senate placed a moratorium on lease prospectus approvals. After the Senate passed the bill and informed General Services that it no longer wished to review individual prospectuses, the House Committee on Public Works and Transportation approved the prospectus for leasing new headquarters space for the Board.

Lack of responsiveness by General Services

In our January 9, 1978, report (LCD-78-303), we stated that in many cases General Services does not lease space in a timely manner, resulting in complaints about the quality of the agency's services. Board officials believe that a lack of responsiveness by General Services has been a critical factor delaying Board occupancy of permanent headquarters space. For example, according to Board officials, congressional approval of a lease prospectus could have been obtained before August 1980 if General Services had been willing to push the issue.

Board officials pointed out that General Services was aware of the problems with the Matomic building and of the need for alternative space as early as January 1979. On January 17, 1979, the Chairwoman of the Board, in a letter to the Administrator of General Services, requested that alternative space be obtained because the Matomic building did not provide enough space, lacked privacy and security for conducting confidential business, and appeared prohibitively expensive to renovate. On March 23, having received no reply to her January letter, the Chairwoman again wrote to the Administrator, pointing out that the Matomic building lacked hearing rooms and citing several apparent violations of Federal building standards.

The Administrator replied on March 30, 1979, more than 2 months after the Chairwoman's first letter. The Administrator stated that he had decided to keep the Board in the Matomic building and that General Services would renovate the space to satisfy the Board's needs. General Services did not attempt to secure alternative space until March 1980, when it prepared a draft prospectus on leasing new space for the Board's headquarters.

A lack of adequate space to meet agencies' competing needs was the principal reason given by General Services for keeping the Board in the Matomic building and for waiting more than 1 year before seeking new space. However, on July 31, 1980, General Services testified before the House Subcommittee on Public Works and Grounds that (1) buildings under construction should become available for leasing, (2) the cost to renovate the Matomic building would be substantial, and (3) the best plan would be to relocate the Board to new leased space suitable to its needs. Thus, General Services adopted the position which the Board had taken since early 1979. In the Board's view, General Services' delay in doing so was unwarranted.

Board officials cited other instances when they believed General Services had not been timely or fully responsive. For example, in September 1980, after the Congress had approved the Board's lease prospectus, General Services set March 1, 1981, as the estimated date for Board occupancy of new headquarters space. In October, however, General Services advised the Board that this date was unrealistic and extended it to June 1. General Services did not explain to the Board why its original estimate was unrealistic.

Higher space priorities

Consolidating an agency's offices into a single facility normally improves efficiency, reduces costs by improved space utilization, and eliminates duplication of special space requirements. In the case of the Authority, realization of these benefits has been delayed due to the higher priority General Services gave to other Federal agencies' needs.

In early 1979, General Services solicited lease proposals on behalf of the Authority that would have completely or partially consolidated the Authority's headquarters. General Services received one response which it used to meet the space needs of another agency given higher priority. In April 1980, after the Authority had accepted consolidated space on M Street for its headquarters, General Services assigned the space to the Council on Wage and Price Stability. According to General Services, the Office of Management and Budget directed this action. In June 1980, General Services assigned the M Street location again to the Authority because funding for the Council had not been resolved. In September, however, faced with a backlog in the National Capital Region of about 180 space requests totaling approximately 3 million square feet, General Services decided to seek approval to lease new space for the Authority and possibly to use the M-Street location to serve other agencies' space needs.

Staff turnover and inexperience

In the May 20, 1980, testimony before the Subcommittees of the House Committee on Ways and Means, we reported that a shortage and turnover of General Services personnel contributed to delays in meeting the space requests of the Social Security Administration. At one General Services region, for example, delays were attributed to high staff turnover or vacancies that resulted in the use of trainees instead of experienced personnel.

Staff turnover and inexperienced personnel also appear to have contributed to the delays encountered by the Authority and the Board. For example, the Authority stated that, at one General Services region, it dealt with five space specialists within an 18-month period, and that time was lost while each new specialist became acquainted with the Authority's space request. The Authority and the Board also believe that some specialists were not adequately trained or were not timely and responsive in replying to inquiries.

Unfamiliarity with regulations
and procedures

Although the Office of Management and Budget and the former Civil Service Commission provided some assistance to the Authority during startup operations, this assistance did not include expertise on General Services and its operations. As a result, delays in obtaining space were exacerbated by the time required for Authority personnel to familiarize themselves with General Services regulations and procedures on space requirements and plans.

In our April 2, 1980, report on the Authority's first year of operations (FPCD-80-40), we stated that the agency's space and other startup problems may have been minimized if more technical and advisory assistance had been available. We also stated that an Office of Management and Budget transition team assigned full time to a new or reorganized agency for a specified time could be of great assistance in finding space and facilitating other startup operations.